



Dear Shareholders,

The Company has slowly progressed from where it was last year with operations finally commencing on the Nuevo Malolos-1 Deepening and a favourable court of appeal decision in France leading to the lodgement of a significant financial claim against the French Government.

The oil price has also stabilised around US\$55-60/Bbl and has been reflected in an increase in exploration activity. Despite the increased activity raising new funds for oil and gas exploration and appraisal operations still remains extremely difficult for small market capitalisation ASX listed companies.

The Company announced in October, 2018 that it had received from the Philippine Department of Energy ("DOE") a two year extension of Service Contract 44 ("SC 44"). The SC 44 extension was issued under Presidential Decree 87 (as amended) implemented to fast track oil and gas exploration/development in the country.

The SC 44 extension approval required the Nuevo Malolos-1 Deepening to be completed by the 3<sup>rd</sup> July, 2019. We planned on meeting this time requirement, however Federal and Local elections held in May, 2019 delayed our plans.

The Company requested and was eventually granted an extension of time by the DOE to commence drilling operations by the end of September, 2019. We commenced mobilising our drilling crew in early September, 2019 in order to meet this time commitment. Current status has the rig working on the Nuevo Malolos-1 well deepening operations. Results are expected to be known before Xmas.

We had to modify the NM-1 Deepening program due to being unable to raise sufficient new capital in order to fund the originally planned operations. The current plan is to drill a near vertical, new section of hole to intersect the two known oil bearing sandstones. If warranted, the Company will then run an open hole flow test to evaluate oil production capacity.

In addition, we have been assessing and negotiating new onshore, Philippine oil and gas ventures. Unfortunately we have not yet been able to close on any of those targeted new ventures. Our aim is to use the Company owned rig to drill new wells as part contribution to the acquisition of equity in new ventures, therefore minimising our cash outlays.

In France, we significantly progressed legal action to protect the investment we made in the St Griede permit (100%), located within the Aquitaine Basin. The Government appeal hearing against the original November, 2016 court decision in favour of Gas2Grid Limited was held on 5<sup>th</sup> February, 2019.

In March, 2019 the French Tribunal released their decision which rejected the French Government's appeal of the original November 2016 Tribunal decision in favour of the Company. That judgement directed the French Government to renew the permit for 5 years.

For personal use only

On 23<sup>rd</sup> April, 2019 the Company advised the French Ministers that it had decided to renounce its rights for the renewal of the St. Griede permit. This decision was made in light of the unlawful Government actions and the enactment of new laws banning oil and gas exploration from 2040 which has confirmed the capital market's perception of the significant sovereign risks in France for oil and gas explorers.

On the 24<sup>th</sup> July, 2019 the Company's lawyers lodged a financial claim with the French Government for the unlawful cancellation of the St. Griede licence. The Company will pursue this claim.

We thank our shareholders for their patience and support as we seek to develop the Malolos oil field, acquire new ventures and get a financial return on our investment in France.

I also thank Patrick Sam Yue and David Munns for their continued administrative and financial support of Gas2Grid Limited.

Dennis Morton  
AGM Chairman  
29 November, 2019

For personal use only